

All distribution stakeholders

Direct Dial: 0141 331 6034
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Date: 2 March 2016

Dear stakeholders,

Formal consultation on the Stakeholder Engagement and Consumer Vulnerability (SECV) Guidance Document

To ensure the ongoing delivery of an efficient network that embraces wider social and environmental objectives, electricity distribution network operators (DNOs) need to engage with a range of stakeholders. In particular, network companies have an important role to play in helping consumers in vulnerable situations.

The Stakeholder Engagement and Consumer Vulnerability (SECV) Incentive drives network companies to engage with stakeholders and address consumer vulnerability issues.

Under Part H of special condition CRC 2C of the electricity distribution licence, we will issue guidance on the SECV incentive (the "Guidance") following consultation. The Guidance outlines what information we want the DNOs to provide as part of their annual SECV submission. The Guidance also specifies how we will assess the DNOs' annual SECV submissions.

Informal Consultation

On 21 January 2016, we issued an informal consultation seeking views on our proposed Guidance.¹

We received seven responses to our consultation letter.² The responses came from DNOs and Citizens Advice.

All respondents were generally supportive of our proposed guidance document. Some respondents proposed minor amendments; for example:

- Typographical and grammatical corrections;
- Defining 'Business As Usual';
- Revision to paragraph 4.4 to clarify the information that will be considered by the Internal Team;
- Addition of "for context" to paragraph 4.18 to clarify which aspects of the submission will be assessed by the Consultants;
- Revision of paragraph 4.20 to clarify the purpose of the Consultants' site visit, including what will be assessed; and

¹ https://www.ofgem.gov.uk/system/files/docs/2016/01/secv_consultation_jan_2016_0.pdf

² All the responses are saved on our website at the following address: <https://www.ofgem.gov.uk/publications-and-updates/rrio-ed1-stakeholder-engagement-and-consumer-vulnerability-incentive-guidance-informal-consultation>

- Amendment of the table in 5.1 to allow DNOs to submit a combined appendix detailing collaborative work and set out the submission of redacted versions to be submitted.

We have incorporated all of these changes.

Some other comments were more substantive. Our responses to these comments are outlined below:

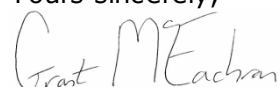
Respondent comment	Our response
The guidance could make clearer the criteria against which Part 3 is to be judged, of which the Consumer Vulnerability criterion is just one stage.	We agree and have amended Paragraph 4.28 to highlight that the Consultants' Report will form the basis of the score for criterion 5 (" <i>the quality of the network company's strategy to address consumer vulnerability and the quality of the outcomes delivered</i> ").
We would urge the Consultants' Report to be written to both assist the Panel in determining a score for each DNO and also to assist each company in improving their services.	We agree and have amended paragraph 4.26 to include this.
DNOs should be incentivised to publish and actively share findings.	We agree that DNOs should share findings and examples of best practice. We have incorporated this into paragraph 4.13 of the Guidance.
We are pleased to see the detail in paragraph 4.13 surrounding the feedback DNOs will be given following the Panel Session. We feel this would be further enhanced through the specific inclusion of the reference to DNOs being given panel scores for each of the Panel Assessment Criteria. This will help DNOs explicitly understand where their strengths and weaknesses are.	We agree with this comment and have added in a new paragraph (4.14 in the revised document) setting out that all DNOs will be given the breakdown of each DNO's scores for all criteria.
Proposed arrangements give a good mechanism for providing a one-time snapshot, but are less clear in how they will motivate consistent progress.	The DNOs' submissions contain reference, where appropriate, to activities that have been built up over time. To ensure this continues we have added a paragraph to Chapter 2 setting this out.

Formal Consultation

We are now launching our formal consultation on the proposed Guidance. Alongside this letter, please find formal Notice of a consultation under CRC 2C.29, and the revised Guidance that we propose to issue.

Any representations on the proposed guidance document must be made in writing on or before 30 March 2016 to Grant McEachran at Ofgem, 9 Millbank, Westminster, SW1P 3GE, by phone on 0141 331 6034, or via email to RIIO.ED1@ofgem.gov.uk.

Yours sincerely,



Grant McEachran
Head of RIIO Electricity Distribution